Opening Statement of the Honorable Ed Whitfield
Subcommittee on Energy and Power
Hearing on "Laboratories of Democracy: The Economic Impacts of State Energy Policies"
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Supreme Court Justice Louis Brandeis famously described states as laboratories of democracy, and in today's hearing we will explore this concept in the context of energy policy. We are pleased to have a panel of witnesses who can share insight about these state-level experiences.

Under our federalist system, states have considerable latitude to try out different ideas. Those state-level policy experiments that are successful can be copied by other states, as well as by the federal government. And those that fail can serve as a cautionary tale and prevent others from making the same mistake.

We see many differences between states on energy policy, and widely varying results. Some states have low electricity rates and others do not. Some have gasoline prices close to $3.25 a gallon and others above $4.00 a gallon. And since a state's energy policy can affect its overall economic prospects, it is no surprise that some states enjoy very low unemployment and fast growing economies, while others struggle with high unemployment and economic stagnation.

Today, we will hear more about these state differences as they relate to energy. And there is much to learn. According to the Department of Commerce's Bureau of Economic Analysis, many of the fastest growing state economies did so due to oil, natural gas and coal production. For example, North Dakota's responsible development of its energy resources is a big part of the reason it has the nation's lowest unemployment rate and fastest growing economy. Additional states making the top ten - Texas, Colorado, Oklahoma, West Virginia, and Wyoming - are also making good use of their in-state energy supplies and support technologies like hydraulic fracturing as well as energy infrastructure projects like the southern leg of the Keystone XL pipeline. Other states were able to weather the recent recession because of their energy policies, such as Pennsylvania where 90 percent of new job growth between 2005 and 2012 came from the oil and gas sector. In the neighboring state of New York, which has the same shale potential but has prohibited modern oil and gas extraction techniques, economic growth has languished.

I might add that these pro-fossil energy states are not just helping the wealthy - quite the contrary, they are benefitting lower-income households the most. For one thing, energy production and energy infrastructure projects create many high wage blue-collar jobs that provide badly needed opportunities for upward mobility. For another, the resultant lower energy costs disproportionately help the least fortunate who would otherwise struggle to pay their bills. In contrast, the anti-drilling, anti-fracking, anti-Keystone, keep-it-in-the-ground philosophy toward fossil fuels that we see in other states is an energy policy that only the one percent can afford. Mr. Fred Siegel wonderfully illustrates this issue in his testimony when he talks about the "gentry liberals" driving an environmental policy that satisfies their desires at the expense of the general population.

Washington should be learning from these state successes and applying the same pro-energy policies to federally-controlled lands and offshore areas. But unfortunately we are not doing so. In fact, recent reports from the Congressional Research Service and Energy Information Administration show overall declines in energy production from federal lands. North Dakota and others have set a good example for the nation, but that example is being ignored here in Washington. It is time for that to change.

At the opposite end of the spectrum, California has one of the nation's highest unemployment rates, a stagnating economy, and some of the most expensive energy in the nation. It has been rated the worst state for doing business ten years in a row by Chief Executive Magazine. This is due in part to costly energy regulations such as the global warming measures that are sapping the state of its vitality and chasing away businesses. Yet we see the Obama administration imposing these same failing policies on the nation as a whole.

Indeed, it often seems like the administration has it backwards – instead of copying the good state energy ideas and avoiding the bad ones, it is doing precisely the opposite.

We can and should have a reasonable debate over which states have the best ideas on energy, but I hope we can all agree that this kind of state-level experimentation should be allowed to continue. Unfortunately, it is under threat by one-size-fits-all federal regulations that preempt state choice and impose cookie-cutter federal approaches. We see this most clearly in the agency's regulatory war on coal which leaves states no option but to forbid new coal-fired capacity and impose harsh provisions on existing coal plants. I believe states that want to continue using coal as an affordable and reliable component of its electricity mix should be given the opportunity to do so without federal interference.

In any event, I hope we can all gain from learning more about what is going on at the state level on the energy issues that matter to this subcommittee. Thank you.

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